

Message Text

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72

ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 PM-07 ACDA-19 CIAE-00 INR-10

IO-14 L-03 NSAE-00 NSC-07 RSC-01 SCI-06 FEA-02 TRSE-00

SAJ-01 AEC-11 AID-20 CEA-02 CIEP-02 COME-00 DODE-00

EB-11 FPC-01 H-03 INT-08 OMB-01 SAM-01 SP-03 STR-08

PA-04 USIA-15 PRS-01 DRC-01 /208 W

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R 281621Z MAY 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 2943

INFO AMEMBASSY BONN

AEC GERMANTOWN

US EC BRUSSELS 1756

AMEMBASSY MOSCOW

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, TECH, ETRD, AU, UR

SUBJECT: SOVIETS TO PROVIDE URANIUM ENRICHMENT SERVICES FOR
AUSTRIA'S SECOND NUCLEAR POWER PROJECT.

REF: VIENNA 2574 (NOTAL)

(BEGIN UNCLASSIFIED)

SUMMARY:

1. AUSTRIA HAS ENTERED INTO A CONTRACT WITH THE
SOVIET UNION FOR THE ENRICHMENT OF URANIUM FOR
AUSTRIA'S SECOND NUCLEAR POWER PROJECT, TO BE BUILT
NEAR STEIN ON THE ENNS RIVER. (END SUMMARY)

2. THE AGREEMENT, ANNOUNCED YESTERDAY BY DR. ERBACHER, PRESIDENT OF
AUSTRIA'S FEDERAL POWER COMPANY, WAS SIGNED IN
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MOSCOW, MAY 23. ACCORDING TO ERBACHER, THE CONTRACT

WITH THE SOVIETS WILL INSURE ENRICHED URANIUM TO THE SECOND NUCLEAR REACTOR FOR A TWELVE-YEAR PERIOD. THE SECOND NUCLEAR PLANT IS SCHEDULED TO GO INTO OPERATION IN 1980 OR 1981, AND HAVE AN EXPECTED OPERATIONAL LIFE OF 18 TO 20 YEARS.

3. THE COST OF THE ENRICHMENT SERVICE UNDER THE CONTRACT IS GIVEN AS ABOUT ONE BILLION AUSTRIAN SCHILLINGS (APPROXIMATELY \$50 MILLION US), ALTHOUGH THE AGREEMENT REPORTEDLY CONTAINS A PRICE ADJUSTMENT CLAUSE RELATED TO THE COST OF URANIUM ENRICHMENT IN THE US. ACCORDING TO ERBACHER, THE UNIT COSTS COME TO 1.2 GROSCHEN (.06 CENTS) PER KILOWATT HOUR OF ENRICHED FUEL. ERBACHER INDICATED THAT THE SOVIETS GOT THE CONTRACT RATHER THAN THE US BECAUSE THE SOVIET PRICE WAS SLIGHTLY LOWER AND ALSO BECUASE THE SOVIETS OFFERED GREATER FLEXIBILITY CONCERNING THE AMOUNT THE AUSTRIANS WILL BE COMMITTED TO BUY. ERBACHER ALSO SAID ANOTHER REASON WAS A DESIRE TO AVOID BEING DEPENDENT ON ANY ONE SOURCE FOR ENRICHMENT.

4. AUSTRIA'S FIRST NUCLEAR POWER STATION, NOW UNDER CONSTRUCTION AT ZWENTENDORF WILL BE SUPPLIED WITH URANIUM ENRICHMENT SERVICES FROM THE US (END UNCLASSIFIED)

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5. WE UNDERSTAND FROM AN AUSTRIAN SOURCE THAT THE ACTUAL PRICE THE AUSTRIANS GOT WAS 3.5 PERCENT BELOW THE US OFFER. ALSO, ACCORDING TO THIS SOURCE, THE SOVIETS AGREED THAT AUSTRAINS COULD TAKE 10 PERCENT MORE OR LESS THAN THE AMOUNTS SPECIFIED IN THE CONTRACT. (END LIMITED OFFICIAL USE). HUMES

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